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Viewing cable 09PORTAUPRINCE553, HAITI ANXIOUSLY AWAITS DECISION ON MINIMUM WAGE

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09PORTAUPRINCE553	2009-06-10 20:15	2011-08-30 01:44	CONFIDENTIAL	Embassy Port Au Prince

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SUBJECT: HAITI ANXIOUSLY AWAITS DECISION ON MINIMUM WAGE

REF: A. PORT-AU-PRINCE 00486

[1](#)B. PORT-AU-PRINCE 00538

Classified By: Deputy Chief of Mission Thomas C. Tighe
for Reasons 1.4 (a, d)

[1](#)1. (SBU) Summary: Parliament's decision to raise daily minimum wages in the commercial and industrial sectors continues to strain relations between President Preval and members of Parliament. Since mid-May, President Preval has encouraged dialogue between members of Parliament and the private sector to spark consideration of a lower or phased-in minimum wage that would allow Haiti to keep jobs, foster greater investment, and defer his responsibility of signing the current minimum wage law. President Preval has yet to sign the law and Parliament is annoyed with Preval's apparent unwillingness to make a clear decision about the increase. A Haitian Association of Industry (ADIH)-funded study indicated that a 200 Haitian gourdes (HTG) per day wage would devastate the textile sector and noted that it could only thrive with a HTG 100 per day minimum wage. Private sector representatives are convinced that members of Parliament understand the impact the increase would have on employment and Haiti's struggling economy. Members of Parliament, however, are adamant that the law be signed as written. No party to the discussion wants to be tainted by appearing to compromise Haitian workers' progress. End Summary.

Parliament Frustrated by Preval's Inaction

[1](#)2. (SBU) Several leading Senators signaled they are inclined to compromise on the minimum wage law, including Senate President Kely Bastien. During a June 8 speech to the National Assembly, Bastien urged protestors to refrain from violence and echoed a key demand of the students, who called on authorities to release protestors arrested by police June 4-5 (Ref. B). Senator Jean Hector Anacacis called for calm and Senator Joseph Lambert asked protestors to peacefully await President Preval's decision on whether to sign the minimum wage law. According to a key advisor to Bastien, legislators left the June 5 meeting with President Preval unsure of whether he would sign the bill or send it back to Parliament for revisions. (Note: Since Parliament adjourned shortly after the Senate voted the minimum wage bill in early May, Parliament was required to resubmit the bill to President Preval after the opening of the next session on June 8. Preval has 8 working days from that date to sign the bill into law or return it to Parliament with his objections.

Senate President Bastien's chief of staff confirmed to Poloff June 9 that the Senate had indeed resubmitted the bill to the National Palace the preceding day. End note.) Minimum wage bill sponsor Deputy Stephen Benoit summoned industry leaders to a meeting in Parliament June 10, demanding that they produce evidence to support their claims that an increased minimum wage would eliminate their profit margins.

[1](#)3. (C) Some legislators argue that the bill should be promulgated without a "phase-in" period or any other modifications. Deputy Cholzer Chancy told the press he was unconvinced by Preval's explanations during a meeting at the National Palace June 5, and had seen no evidence that the assembly sector would suffer if the law were enacted. Senator Youri Latortue criticized the President for only belatedly consulting with Parliament on the matter and Senator Rudy Heriveaux voiced his support for peaceful student protests to pressure Preval to sign the law as passed. In a conversation with Poloff June 8, Heriveaux described his failed attempts as president of the Senate's commission on public health to reconcile the students and the university administration. He said he attempted to mediate the conflict the week of June 1, but students' demands

escalated as street protests gained momentum. He regretted that the protestors' 'rough handling' by the police and the arrest of 24 of them had further radicalized the students.

14. (C) Many in Haiti's parliament seem exasperated by what they consider to be untimely lobbying efforts by President Preval and industry representatives. Deputy Sorel Francois, who voted against the new minimum wage law, told Poloff June 9 that even legislators inclined to moderation would face tremendous public pressure to reject any proposed modifications to a law they have already voted to approve. At a meeting the week of June 1 with industry representatives and 11 deputies, many were receptive to industry leaders' arguments, but argued that the time for lobbying was before, not after, the Parliament approved the law. Senators Heriveaux and Michel Clerie have privately made the same point, and emphasized that recent student protests have only increased pressure to reject any proposed amendments to the law.

Preval Expected to Make the Next Move

15. (C) According to legislative procedure established by Haiti's constitution, following the submission of a law from Parliament, the President is expected to sign or veto the law within eight working days. This would force Preval to make a move by June 17. Lionel Delatour (protect) a member of the HOPE Tripartite Commission (CTMO-HOPE) told Econ/Poloff June 8 that the President is unlikely to make a formal decision on the law and will continue to request that Parliament engage in dialogue with the sector. (Note: President Preval sent a letter to the presidents of the Senate and Chamber of Deputies May 18 requesting that Parliament consider the impact the higher wage would have on employment and the overall investment climate in Haiti. End note) Preval was expected to depart Haiti June 10 for the 6 PetroCaribe Summit (June 10-11) in St. Kitts, however, Ministry of Foreign Affairs Director of International Organizations Azad Belfort reported to PolOff on June 10 that Preval plans to send the Foreign Affairs Minister in his place.

Industry Study: Wage Increase Will Kill Textile Sector

16. (U) The Haitian Association of Industry (ADIH) funded a study on the impact of the proposed minimum salary increase on the textile sector. Study author Lhermite Francois interviewed 12 out of 25 factory owners, representatives from the public industrial park (SONAPI), the banking sector and ADIH to discuss the significance of the HTG 200 wage on the sector and its workers, HOPE II opportunities, and the banking sector. Haiti's garment sector employs approximately 27,000 workers. The study found that 53 percent of workers earn an average salary of HTG 154 (from HTG 90-200, USD 2-5, daily). Thirty-eight percent presently receive an average of HTG 218 (almost USD 5.50/day). Overall, the average salary for workers in the sector is HTG 173 (USD 4.33). The study notes that the current salary structure promotes productivity and serves as a competitive wage in the region (Note: The minimum salary for workers in the Free Trade Zone on the Haiti-DR border is approximately USD 6.00. End note) Francois concluded the study by stating that a minimum daily wage of HTG 200 would result in the loss of 10,000 workers in the sector.

17. (SBU) ADIH Executive Director Gregor Avril and HOPE II factory owner Clifford Apaid admitted that the prospect of the law, coupled with the weak global economy, has caused approximately 1,000 job losses during the last month. One factory (a HOPE II legislation beneficiary) closed and other factories have closed down lines and dismissed newly employed workers. According to Avril and Apaid, the garment industry, represented by ADIH, has met with Preval on three occasions and has presented the impact of the HTG 200 minimum wage to over 40 members of Parliament and political parties, who they believed afterward to be sympathetic to the sector's findings.

Comment

¶18. (SBU) Controversy over the minimum wage issue continues to ramp up. Some members of Parliament, notably Benoit, demand that the President sign the law as currently written while they entertain private sector pleas for a reconsidered or phased-in minimum wage even if only to show that they did confer.

¶19. (C) Despite Preval's meetings with Parliament and the private sector on how to manage the minimum wage legislation without killing investment and job creation, he has said little in the face of continuing student demonstrations. Haitian National Police (HNP) and Ministry of Justice officials are convinced these ''students'' are being funded and mobilized by interests that go far beyond the university; it remains unclear who is fomenting the disturbances.

¶10. (SBU) Although the numbers of protestors remain relatively small, numbering 500 to 1,500, the HNP has had to use tear gas frequently to control the crowds and the police appears stretched then. While the demonstrations could peter out as the academic year ends and students leave campus, there are worrying signs that the demonstrations may be picking up steam.

¶11. (C) With the expected return of the body of former priest and close collaborator of former President Aristide, Gerard Jean-Juste, on June 16 and planned Senate election run-offs on June 21, Haiti is approaching a politically sensitive period. A more visible and active engagement by Preval may be critical to resolving the issue of the minimum wage and its protest ''spin-off'' -- or risk the political environment spiraling out of control.
SANDERSON